



THE
Credit Union

November, 1957

Successful chapter
program —page 1
Nicholas named
Brother's Keeper
—page 24

EXCHANGE

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OFFICIAL PUBLICATION OF THE CREDIT UNION NATIONAL ASSOCIATION, INC.

ON THE COVER

A. L. Nicholas, veteran credit union leader from British Columbia, was named the winner last month of the Brother's Keeper Contest. He has served the credit union movement in many capacities as a volunteer, and he accepts no remuneration for helping his wife with the dishes. See story, page 24.

The Credit Union *Bridge*

The Credit Union Bridge is published monthly by the Credit Union National Association, Inc., at 404 N. Wesley Avenue, Mt. Morris, Illinois. Address the editorial or business office at P.O. Box 431, Madison I, Wisconsin. P. O. Box 46, Hamilton, Ontario

SUBSCRIPTION—\$2.00 A YEAR

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Member of Co-op Editorial Assn.

VOL. 22

NO. 9

NOVEMBER, 1957

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COMING SOON

Credit union counselling problems

The organization program

Summit County Chapter
Ohio Credit Union League
Akron, Ohio

Invites you to attend our
Annual Management Night Dinner

As guest of our Chapter and

Thursday, October 24, 1957 - 6:30 p. m.
Sheraton-Mayflower Hotel Ballroom, Akron

Speaker: Reverend Fay Le Meadows, Dayton, Ohio
Author, Lecturer, Minister, Commentator

R. S. C.V. P.

"Management Night is our way of thanking
employers for their help and cooperation,"
says chapter president Willis Eckard.



THIS CHAPTER PROGRAM *REALLY CLICKS!*

In Akron, Ohio, long-range planning and systematic attention to details have built up attendance at chapter meetings to twice the old level.

SUMMIT County Chapter of Akron, Ohio, is one of the most active chapters in the state today. Attendance at its meetings during the past year has been double the attendance for the year before. The number of credit unions represented at meetings has also increased considerably.

What's the secret of this improvement? Mainly, it's a switch from an informal easy-going program to formal systematic, months-ahead

planning. There is a change in seriousness, like the contrast between a sandlot game of touch football and a Rose Bowl game. This higher seriousness involves spreading responsibilities, building agendas months in advance, dotting countless i's and crossing innumerable t's.

It takes teamwork. "No chapter is made by one man alone," says chapter president R. Willis Eckard. "It takes a team of loyal, aggressive and

cooperative chapter directors. Any success our chapter has had is due to such teamwork."

Eckard at forty is a high school principal, with a crew cut, an engaging smile, and a bearing so erect that he looks taller than his five-feet-eight. He is no newcomer in the Summit County Chapter. Before being elected president, he served the chapter for two years as vice-president and four years as board member. He has been president of the Summit County School Employees Credit Union of Akron since it was chartered in 1951.

"Our monthly chapter meetings are conducted formally. All reports are concise and to the point. We include a calculated injection of lightness and humor, but the formality is definitely there. The emphasis is placed on the program of the evening. We want our chapter meetings to become an educational opportunity that people will not want to miss."

Spreading the work

The youngish-looking Eckard speaks of teamwork and education with intense conviction. He likes meetings that work rather than spin. He wants responsibility to be spread over a maximum of participants. He wants everybody to pull some weight. At board meetings, he likes to get things done, and expects to hear an opinion from each director on every issue that comes up. He has found that in the long run this stimulates activity, increases the feeling of joint accomplishment, builds the morale of the group.

Here are some of the devices the

Summit County Chapter now uses for building interest in its program:

● *Chapter hosts.* This project was started early in 1957. Its purpose is to give each member credit union an opportunity to be host to a monthly chapter meeting held in or near the office of the host. At first there was some reluctance to serve as hosts; now credit unions like it. Many ask the board for the earliest possible assignment; as a result, the chapter has now established a waiting list.

Credit unions that do not have offices or other space to accommodate the chapter group, may be hosts for a dinner meeting at some restaurant or hotel. In such cases the host group has charge of the registration table and helps the guests to pin on their identification tags. The individual credit unions pay for the meals of their members. Occasionally the chapter underwrites as much as fifty cents per guest. At times the chapter has paid the tip and the tax, or it has paid for small table decorations.

● *President's (treasurer's) night.* The chapter tries to limit its annual dinners to a maximum of three. The dinner meeting in June honors all credit union presidents of the chapter. During the following year another dinner honors credit union treasurers.

"These dinner meetings serve an important educational purpose," Eckard believes. "As a part of the program we explain the responsibilities and problems of credit union presidents and treasurers. Since most

of these dinners are exceptionally well attended, a large group benefits from our program.

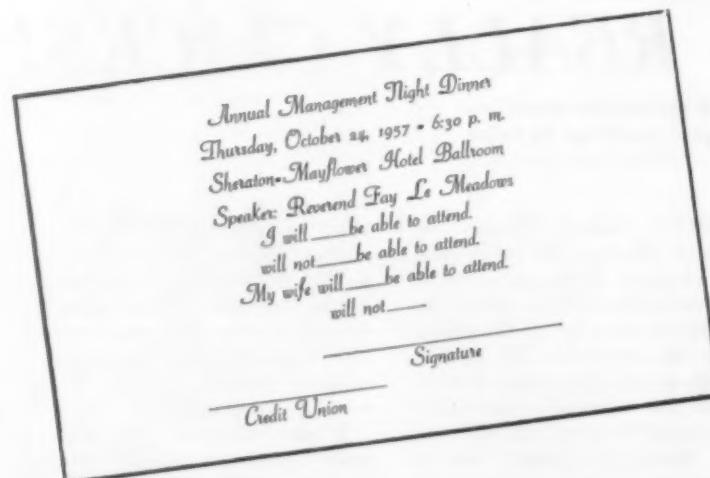
"It is our chapter's policy to invite legislators to all of our dinner meetings. They attend regularly. We place each legislator at a different table with a specific credit union assigned to entertain him. This gives our lawmakers a chance to meet many credit union people. It also helps them to become more familiar with credit unions and credit union philosophy."

● *Management Night.* With the exception of area meetings, which are held in Akron once every three years, Management Night is the year's biggest event for the chapter. Many months of careful planning and preparation precede this annual October event.

The ostensible purpose of Management Night is to thank management (the credit union members' employer) for their help and cooperation. But the actual effect is that management learns about the credit union and becomes aware of the size of the movement to which its employee group belongs.

Formal invitations to Management Night are sent to the employer in the name of both the chapter and the credit union. The participation of the chapter in the invitation helps bridge any gap there may be between the employer and the employee. Management is usually glad to attend.

Tickets for Management Night are not sent to management. "Our experience shows that few people in management will have the tickets with



Management Night is one of three dinner meetings the Summit County Chapter holds each year. Others honor presidents and treasurers of member credit unions.

Margaret Sullivan is senior member of the Summit County Chapter board of directors. She has been secretary-treasurer since 1941.



them when they come," say secretary Margaret Sullivan. "We keep the tickets at the registration desk. And just before the guests arrive we turn them over to a director for distribution to the guests of his credit union."

• **Meeting agenda.** Chapter meetings usually start at 8 p.m. In the opinion of the Summit County team, they should not last longer than one and one-half to two hours, including the time for serving refreshments.

These are the thirteen points of the Akron group's meeting agenda:

(1) Welcome by chapter president.

(2) Reading and approval or additions and corrections of minutes of last chapter meeting.

(3) Recognition of host credit union. Host president introduces his official family.

(4) Recognition of new credit unions or unusual credit union accomplishments. Any credit union which has been singled out for special recognition by the chapter meeting is told about this in advance. This substantially increases attendance both at the recognition meeting and at subsequent meetings.

(5) Roll call. Calling the name of each member credit union. The members of the credit union then stand. A spokesman announces the

number of directors or committeemen representing this credit union. Welcoming of guests and special visitors.

(6) Treasurer's report.

(7) Committee reports. The chapter has three standing committees. Most active of these is the service committee. It is composed of a chairman and three members. They are volunteer specialists who help credit unions with special problems. Usually these problems can be handled over the telephone, but frequently they require more personal assistance. The other committees are the nominating committee and the special area meeting committee.

(8) Correspondence received. Under this item of the agenda, president Eckard calls attention to such matters of interest as Bridge articles, High Spots (the Ohio League's publication), special posters, etc.

(9) Special reports: (a) Report of the league director; (b) Report of the president of the Ohio Central Credit Union; (c) Report of the league field representative; (d) Chapter president's report on any action taken by the board of directors. Says Eckard, "This gives me a chance to talk briefly about present and future programs including Credit Union Day, area meeting, and Management Night."

(10) Unfinished business.

(11) New business.

(12) Main program of the evening.

(13) Closing remarks: (a) Announcement of the next month's meeting in detail. Eckard stresses the importance of making this announcement attractive so that everyone will want to come; (b) Thanks to the host credit union; (c) Announcement of coming refreshments; (d) President's closing remarks which should not take more than a minute or two. Typical of Eckard's closing remarks is this: "The quality of the service offered by your credit union is never an accident. It is always the result of high intention, sincere effort, intelligent direction and skillful execution."

"Our teamwork began with a careful analysis of the chapter's activities over the past four years," says Eckard. "We prepared a chart, listing on it every program, the number of persons who attended, and the number of credit unions represented. Then we asked ourselves two questions: what is the purpose of our chapter? and what is the best way to achieve it?

"We decided that our chapter should assume direct responsibilities for the education of credit union officers in the fields of operations, phi-

(Continued on page 25)



CREDIT UNION COALITION IN THE WEST INDIES

**LEADS THE WAY TO ANOTHER INDEPENDENT
MEMBER OF THE BRITISH COMMONWEALTH, AND
SHOWS HOW THE CREDIT UNION MOVEMENT CAN
HELP PEOPLE IN MANY PARTS OF THE WORLD
UP THE ROAD TO ECONOMIC FREEDOM.**

ON a hot Sunday morning, September 15, in Port-of-Spain, Trinidad, eight delegates adopted a constitution establishing the West Indian Confederation of Credit Unions. The five-page document they signed spells out methods for credit union recognition, growth, promotion and legalization in the scattered Caribbean islands, where three million people live in general poverty.

The meeting scene was the Seamen and Waterfront Workers' Union building. Masts and spires of ships from around the world rose in the harbor less than a city block away. To the other side, thousands of bicy-



The warm, rich Caribbean sea and the West Indies sugarcane fields provide nearly all the income for these credit union people, who now have their own confederation and who will soon have their own nation.



cles and hundreds of small European-made automobiles jockeyed down a four-lane boulevard. For three days the delegates worked in an open-air, doorless, windowless building typical of architecture in a land whose days and nights know no hot and cold and whose seasons are two—wet and dry.

The meeting in Port-of-Spain produced the document through which people may be educated in handling their meager monies, through which credit unions may be organized to serve the needs of even the poorest, and through which the credit unions may form chapters and leagues and become affiliated with the existing

international credit union movement

The history of this quiet revolution against economic slavery starts in the early 1940s; definite organizational attempts date back to the early 1950s; written words and signed papers date back to December 1956 at a seminar sponsored by CUNA and St. George's College of Jamaica and actual leg work dates to July 1957 when a confederation fieldman was hired with CUNA World Extension Department funds.

These are some analogies between this credit union confederation and the new West Indian nation which will become an independent member

of the British Commonwealth in 1958. But credit union leaders in the Caribbean state flatly that the credit union confederation would have been formed and would have survived regardless of whether the eleven former British colonial islands had joined into a common government.

In fact, then, the credit union confederation is organized and working before the new nation is born. This is a situation which the Raiffeisen societies in Germany, the caisses populaires in Canada and credit unions in the United States did not have to face because in those countries the national government pre-



Trinidad's Registrar of Cooperatives, Hon. Noel P. Bowen, lent his government's official support while West Indian Confederation of Credit Union delegates worked almost in the shadow of the Trinidad Government House.

CREDIT UNION TYPES IN WEST INDIES

	Antigua	Barbados	British Guiana	Dominica	Grenada	Jamaica	Montserrat	Trinidad & Tobago	Virgin Islands
Co-ops	—	—	—	—	—	1	—	2	—
Social and civic	—	—	—	—	—	1	—	7	—
Religious	1	—	—	—	—	13	1	4	—
Labor Union	—	—	—	—	1	—	—	—	—
Agricultural	—	—	—	—	—	9	—	3	—
Finance	—	—	—	—	—	1	—	2	—
Manufacture	—	—	—	—	—	11	—	26	—
Mining	—	—	—	—	—	1	—	—	—
Professional	—	—	—	—	—	2	—	4	—
Transportation, communications	—	—	—	—	—	6	—	9	1
School	—	—	—	—	—	3	—	2	—
Wholesale, retail trade	—	—	—	—	—	6	—	11	—
Government employees	—	—	—	—	1	7	—	13	2
Personal services	—	—	—	—	—	—	—	3	—
Residential	—	2	1	13	2	25	—	102	2
Utility	—	—	—	—	—	1	—	3	—

No report from St. Kitts, St. Lucia or St. Vincent.

(Editor's note: Figures in this table are from CUNA statistics department; figures in accompanying story are from West Indian confederation delegates.)

ceded the credit union movement by decades. And even the optimistic say it may be years before the new West Indian nation is able to pass federal credit union legislation.

The confederation will encourage federal legislation. But first it will encourage local credit union legislation where it does not now exist and will work to have credit unions chartered and supervised but not controlled by local island governments. At the same time the confederation will encourage formation of credit union leagues and their affiliation with CUNA so that the best worldwide credit union services may be available in the Caribbean.

Four hundred credit unions

Here are figures which indicate the job ahead: In the nine lands represented at the constitutional meeting (eight islands plus British Guiana which is on the South American mainland) there are less than 400 credit unions with about 58,000 members. Average share account is \$50 at the outside. Loan security requirements are rugged, and maximum unsecured loans (signature or character loans) are between \$50 and \$100. Legislation designed specifically for credit unions exists in some islands; in other islands credit unions fall under general cooperative laws, and in still other islands credit unions operate without the benefit of law.

The constitutional meeting delegates sized up their work in these



terms: To promote interest and co-operation between their credit unions and CUNA; to promote the organization of credit unions and leagues throughout the area; to develop educational programs; to work for specific credit union legislation.

No time limits were set on this work, and the projects were not listed in any preferential order. They all represent both immediate and long range assignments.

The machinery for much of this work is embodied in the energetic person of A. A. (Paddy) Bailey, the former Jamaican credit union inspector who is now a field representative for the CUNA World Extension Department permanently assigned to the Caribbean. As the confederation's fieldman he spent nearly a month arranging the constitutional meeting, seeing it through and getting his assignments for work in the field.

Here are examples of what Bailey has to work with:

British Guiana—a relatively wealthy country much wanted by the islands both in the credit union confederation and in the new nation. The credit union movement started there in 1949, and two credit unions now operating are supervised by the government Cooperative Department. Average share account size is \$50, and loans average about \$300. These loans are made to buy home appliances, sewing machines, bicycles and clothes and equipment for school

children. The limit on signature loans is \$100, but all loans are essentially character loans because such collateral as life insurance policies and jewelry are merely turned over to the credit union without transfer or assignment of title. British Guiana credit unions charge 1 percent per month on loan unpaid balances, and Sword of the Spirit Co-op Credit Union, Ltd., with six branch offices, paid a 4.8 percent dividend last year.

Jamaica—the credit union movement started in this largest West Indies island in 1940 as an outgrowth of a Catholic-sponsored study group led by Father John Peter Sullivan, S. J. This American-born priest is credited with doing more than any other individual to foster the credit union movement in the Caribbean, and has served as managing director of the Jamaican Credit Union League. The island's 81 credit unions have 15,000 members with average share accounts of about \$60. Though average loan size is impossible to figure, there are two distinct types of Jamaican credit union loans: One type in rural credit unions for such things as buying livestock, paying school fees, buying seed and making down payments on land; the other in towns for such things as medical bills, clothes, insurance policies, house rent, education and vacations. Standard loan interest rate is 1 percent per month, and share dividend rates vary from 3 1/4 percent to 6 percent. The Jamaican Credit Union League, or-

ganized in 1945 and affiliated with CUNA in 1950, was the only affiliated league in the present confederation until the Trinidad league voted for affiliation in September.

Trinidad—as the capital of the new West Indian nation and as the oil capital of the Caribbean, this island enjoys the best living standards in the confederation with an average annual income of about \$300. Credit unions started here in 1943, and the Trinidad-Tobago Credit Union League was formed in 1947. The league was incorporated under a new law in 1952, but a credit union bank, similar to central credit unions in the United States, was not formed until 1957, though it was authorized under the 1952 law. The 261 credit unions have 25,000 members with average share account size of less than \$70. Only about 15 percent of Trinidad's credit unions pay any share account dividends, and the average is about 2 1/2 percent. Standard loan charge is 1 percent per month. The registrar of cooperatives has supervisory authority. Co-makers are the usual form of security, with signature loans usually limited to double the amount of the borrower's share account.

Barbados—its three community-type credit unions have 230 members with average share savings of about \$45. A liberal estimate places total credit union assets at \$10,000. Signature loans are limited to \$50 and debt consolidation is the most pre-



valent reason for borrowing. Barbados credit unions charge 6 percent interest on most loans but will negotiate lower rates on larger loans. Savings in both share and deposit accounts earn 3 percent dividends. Though Barbados has only community-type credit unions, efforts are now being made to organize occupational and church credit unions. The registrar in the government's co-operative department audits credit union books annually. Outside of credit unions, personal credit is available from solicitors (lawyers) and the government-operated Peasants Loan Bank. Lush sugarcane crops provide Barbados with probably the second-best living standards among the islands.

Dominica—like Barbados, it has no credit union league and its thirteen credit unions are governed by co-operative law. The 3,200 members have an average share account size of \$40. Dominica's economic problems, with 63,000 people packed into 305 mountainous square miles, have been among the most severe in the British West Indies.

Grenada—one of the West Indies territories without a credit union law or overall cooperative legislation. Thus, Grenada will be one of the main places for early confederation work to promote legislation. Grenada has three credit unions with 300 members and total assets of \$10,000.

St. Lucia—like Grenada, has no credit union law or cooperative legis-

lation. Its two credit unions with 120 members and \$3,200 assets are among the smallest in the islands.

St. Vincent—has no credit unions, but its one agricultural cooperative operates much like a credit union, and the co-op's leaders are working to establish a credit union. The co-op was established in 1954 and now has an average share account of \$25 and average loan size of \$115. Loans are made chiefly for agricultural uses, repayable at 1 percent per month. The cooperative pays an annual 5 percent dividend on shares and 3 percent on deposit accounts.

Obviously the West Indies credit unions do not think in terms of millions of dollars in assets or thousands of members. Loan repayments are usually limited to twenty-four months or less so that the limited share capital can circulate among as many members as possible.

Agriculture is the base

Except for Trinidad, which has substantial oil income, and Jamaica, which has rich bauxite deposits, the islands depend mostly on agriculture for their income. Sugarcane is the dominant area-wide crop, but there are also considerable citrus fruit crops and some beginnings of a cotton strain named sea island. Tourism, especially on Jamaica which has cultivated the U. S. traveler's dollar, is fast becoming a major industry and one which may never wear thin, because the island's universally pleasurable climate and surroundings offer quiet respite for mainland vacationers.

Government agencies in the various islands have paid little heed to consumer credit needs but have done considerable work in agricultural credit and promotion. This has resulted in increased employment and some general economic improvement, but has done little to raise standards of living. Generally, the island people feel that Great Britain has offered continually increasing aid and has become more aware of the problems of these colonies, which are soon to become a united nation.

The racial background is almost entirely African-descended in the areas which make up the West Indian Confederation of Credit Unions. One of the main departures from this pattern is in Trinidad, where a large influx of East Indian agricultural workers in the middle 1800s has made itself felt in that island's life. Though the West Indies race is predominantly black and the political roots are almost all based in Britain, the cultural and religious leanings are quite varied. The Roman Catholic church, preponderantly strong in some islands, is almost absent in others, and various Protestant denominations have scattered missionary efforts through the islands. Cultural differences trace back to the alternating control of some islands between the major European countries.

Generally the island people feel



Bicycles, horses and limbo dancers are West Indian standbys. The mounted police are members of the Port-of-Spain Police Credit Union. Bicycles double as grandstand seats at the Saturday afternoon soccer games. Nightly floorshows feature steelband music played on cut-away oil drums as accompaniment for frantic limbo dances.

Outdoor classes are popular in Caribbean schools except during rainy seasons. Wet or dry, the East Indian influence in the islands is typified by this Indian farmer sharpening his machete. Farming methods are still primitive, especially in the harvest of cocoa pods.



that Great Britain has offered increasing financial and governmental support in recent years. The question of island nationhood and independence is at least thirty years old, but pressures on the mother country increased in recent years as independence was granted to other British possessions, such as India and Ghana.

Islands are brothers

This feeling of increasing independence and solidarity among the islands reflects itself in the credit union movement there. Though the inter-island rivalry is keen in many things, including a spirited scramble between Trinidad and Jamaica before the credit union confederation central office was located in Jamaica, there is real reciprocal concern between the island people. This was particularly evident following the Jamaican train disaster in September in which more than 100 persons, including many credit union members, were killed. The credit union confederation delegates drafted a resolution for delivery to the Jamaican people expressing profound sympathy over the accident.

The great ambition of the young men of the islands has been to enter civil service. Though this burning desire has faded somewhat recently because of increased industrialization, government jobs still carry prestige and slightly better than average pay checks. Young men's preference for government work has worked to the credit union movement's favor, be-

cause many credit union leaders have been fulltime civil servants. This combination of volunteer and full-time jobs has been advantageous because the civil servants had the education, the experience and the respect which it took to make followers out of the masses. Whether this interest in civil service will increase with the setting up of the new national government remains to be seen, but the credit union movement already has fast friends among government people who may attain high jobs next year in Trinidad when national government positions are awarded.

Credit union leadership in the islands, mainly through the civil servants who have already entered the movement or who have expressed interest, is said to be miles ahead of actual credit union assets. The confederation, through its fieldman and its constant contact with CUNA, hopes to make use of organizational and educational material developed in the states. The island credit unioners are not asking for special literature, though they admit this would be used, but simply for all the standard, proven material that the rest of the movement can provide.

Individual island colonial government policy toward credit unions has ranged from a no-promotional attitude in Jamaica to unwritten policies bordering on outright promotion in such islands as Trinidad.

In the few large cities of the is-
(Continued on page 25)



THE NEW NEW YORK INSTALLMENT

**is a result of the hard work of Persia
Campbell, assistant to Governor Harriman
and specialist in consumer problems.**

WHEN New York's Governor Harriman heard that some finance companies were charging truck buyers as much as 90 per cent per annum interest, and that milk dealers in Syracuse had boosted the price three cents a quart in one jump, he was able to do something about it.

For he had an arm of the state government ready to apply against such problems. This was the consumer's counsel, attached to his staff, the only such official in the forty-eight states. Persia Campbell is her name.

A woman with a wealth of experience in consumer problems, Dr. Persia Campbell has been professor of economics at Queens College in New York and author of two textbooks on consumer problems.

Her consumer understanding and experience, however, go far beyond her classroom background. She has been vice-president of the National Association of Consumers and consumer advisor to the U.S. delegation to the U.N. Food and Agriculture Organization. She has energetically publicized the consumer point of view in the American Association of University Women, OPA, civilian defense organizations, the YWCA and Pan Pacific Women's Association.

She knows how to figure the true interest rate on carrying charges, what a credit union is and what a consumer cooperative looks like. She understands grade labeling and milk prices. She has presented the consumer point of view in Washington hearing rooms and university women's luncheons; she also has put in enough time around the settlement houses in New York's low-income

neighborhoods to know how terrifying the threat of a wage garnishment can be.

Harriman had precedent for the appointment of a consumer representative in state government. In New Deal years, the U. S. Agriculture Department had a consumer counsel, who represented the consumer point of view in policy-making and also developed such educational material as the "Consumer's Guide." This was a popular monthly magazine publishing a range of useful material from information on how to select eggs to exposés of loan sharks. But this was the first time a state government had officially recognized the public's need for a consumer spokesman in government, especially in a time of inflation and high-pressure selling.

Other states interested

After two years of operation, it's possible and useful to measure what this development means to New York consumers and borrowers. What's been accomplished there may show whether it would be valuable for other states to have a consumer counsel, and whether a federal consumer department would be a boon or a boondoggle. A recent survey by the National Association of Consumers has found several governors interested in the New York experiment. Michigan's Governor Williams reported he was considering such a program. Massachusetts' Governor Furcolo also is thinking about setting up a consumer board with a paid staff.

Here are the ways New York's Persia Campbell has been trying to

protect consumers in her state.

Her chief job is to counsel the Governor on problems that affect consumers as they arise. In the past two years, such matters included installment abuses; trading stamps; misrepresentation in servicing of television sets and other home appliances, and "bait" advertising. Indicating the high priority Harriman gives the consumer point of view is the fact that Dr. Campbell is a member of his official cabinet.

She also speaks for consumers before state administrative committees and agencies. For example, she represented consumers in hearings before the Public Service Commission on rate increases sought by the Long Island Railroad. She participated in hearings conducted by the State Department of Agriculture and Markets to set up grade standards for the sale of eggs. When the state industrial commissioner sought a standard for flammable clothing, he appointed an advisory committee including the consumer counsel, to decide how to determine which fabrics burst into flame so quickly that they are too dangerous to be made into garments.

She supports and coordinates existing state consumer services, such as inspection of weights and measures, pure food laws, medical and welfare facilities, labeling laws for bedding and upholstery, and all the other state activities to protect consumers. In New York as elsewhere, the public itself has only a dim idea of these laws and whether they are adequate or not, and thus doesn't use them fully in its own defense, or seek their improvement.

To help the public know these laws,

the consumer counsel has prepared two comprehensive booklets for use by community leaders and adult educators, titled, "How Much Legal Protection Does New York State Give The Consumer?", and "Consumer Laws in Action".

The consumer counsel also encourages consumer education in the state adult education program, and programs of such civic groups as the American Home Economics Association, American Association of University Women and the General Federation of Women's Clubs. She sponsors demonstrations at the State Fairs with trained people from various state departments demonstrating such consumer protective measures as egg standards and labeling of bedding, and distributing leaflets on such subjects as how to shop for clothing.

Looking for facts

She ran a conference for state educators on "The Competent Consumer and How He Gets That Way", to show possibilities, techniques and resources for consumer education at the adult level. She has sponsored a conference on consumer problems of the aging, and another on budget standards, in cooperation with the Welfare Department, Minimum Wage Bureau and other state agencies.

Dr. Campbell also does a job of fact-finding on troublesome consumer problems. For example, she is a member of the Governor's Milk Committee, which represents various trade groups seeking to promote consumption of milk. The committee felt it didn't know enough about the market, and got a grant from the legislature

for a special study. It showed, among other findings, that price often is a factor in the amount of milk consumed by low-income families. This might seem obvious to people who buy milk, but there are a number of people in the industry—and even influential home economists—who insist price is relatively unimportant and that milk simply needs more advertising to increase its use, or maybe more chocolate.

Dr. Campbell works closely with an advisory committee appointed by the governor and representing chiefly consumer, women's civic and educational organizations, and settlement houses. Credit unions are represented on the committee through Sidney Stahl, managing director, New York State Credit Union League. Dr. Campbell uses the committee for two-way

communications. She gets information about consumer problems from the committee, and transmits material their organizations can use to inform members.

The committee meets formally twice a year, and is contacted at other times to exchange information and views about consumer questions as they develop. It's strictly a consumer-oriented committee, just as the State Commerce Department has its business-advisory committees, and the Labor Department its committees representing labor and employers.

The consumer counsel has no actual administrative or enforcement responsibilities. The department might call the public's attention to the fact that labels on mattresses have to show their contents, but it's up to the State Labor Department to see that the



labels are there and are accurate. Or it might help get laws banning credit abuses, but the State Banking Department enforces them.

That's a picture of how the only state consumer counsel has been operating. Now: what's been accomplished?

Credit abuses curbed

The most tangible achievement has been legislation putting ceilings on installment fees and making illegal some of the notorious abuses of installment selling. In 1947, when some states were moving to control credit misrepresentations, the New York legislature had set up a joint legislative committee known as the Mertens Committee. It studied the installment business for two years. It found some time-payment charges amounted to per annum rates as high as 75 per cent; that if a consumer in 1947-49 bought a car in New York City the credit charges would have been somewhere between 30 and 40 per cent, even as high as 101 per cent. It found credit charges for household appliances of 7 to 31 per cent when the dealer financed through refinance companies.

But the Mertens report died in the legislature's pigeonhole, even while installment selling was deteriorating further as consumers fell victim to home-improvement gypsies in addition to the more traditional gouges on cars, appliances, jewelry and similar credit merchandise.

After Harriman became Governor, a meeting of the consumer counsel and several consumer experts spotlighted credit abuses as the number one problem. Harriman called a conference in New York City in October, 1955, to focus attention on installment-selling problems and get suggestions. Representatives of consumer organizations, finance companies and retailers all had a chance to criticize, defend, offer prescriptions for remedies and counter proposals.

The conference got good attention from the newspapers, installment gouges had become recognized as a national scandal, and people in the finance industry itself were getting worried. So, in 1956, a bill regulating installment sales of autos plowed through the legislature.

But the Governor, his consumer

counsel and other foes of installment abuses, did not rest there. Another bill providing for state regulation of all installment sales was sweated through the legislature late in 1956, and became effective October 1, 1957.

In summary, the motor-vehicle installment sales act requires that the contract itemize the cash sale price of the car, amount of down payment and trade-in allowance, cost of insurance, amount of credit service charge and type and extent of insurance. The credit service charge may not exceed, for new cars, \$7 a year per \$100 of principal balance; for late-model used cars, \$10 per \$100; for older cars, \$13. It also requires refunds of the credit service charge on a proportionate basis if the debt is prepaid, and it specifies that repossession costs, including storage, must be "reasonable". Significantly, it requires that all finance companies which buy retail installment contracts, and car dealers who themselves hold more than \$15,000 worth of contracts, must get a license from the New York Superintendent of Banks. Thus, injured buyers have a place to complain, and the state has an arm to force compliance with the law, since the Superintendent of Banks is given the power to make a full investigation of complaints and has authority to take violators to court if necessary. Also, since the Banking Department now licenses all finance companies, it can revoke their licenses for cause.

Revolving credit hit

The "all-goods" law covers retail installment sales of any goods and related services, including those sold on "revolving credit" plans. The law requires that installment contracts display a notice to buyers not to sign if there are any blank spaces; copies must be delivered or mailed to buyers; the various charges must be itemized, not lumped; a proportionate refund must be made on payments.

Credit charges on non-automotive installment contracts are limited to \$10 per \$100 if the principal balance is \$500 or less, and \$8 per \$100 on the excess over \$500. The ceiling on revolving credit agreements is 1½ percent per month on outstanding balances of \$500 or less, or 1 percent per month on amounts in excess of \$500.

In the development of the credit legislation, a finance trade committee negotiated with state representatives on the extent of the new law, and on the ceilings. Lobbies from the credit organizations in the state also visited legislators and state executives. The more reputable elements in the industry finally supported the legislation, and a bi-partisan measure was passed.

New York's new credit legislation is the most comprehensive of any state's, but the rate ceilings were something of a compromise. Assemblyman Bernard Dubin had proposed \$9 per \$100 on installment goods other than cars—equivalent to a true per annum rate of about 16 percent. But sellers and lenders fought for \$13 per \$100, equivalent to a true per annum rate of about 24 percent, which is what many had been charging. The compromise ceiling of \$10 per \$100 is a true rate of about 18 percent.

Similarly, the ceilings on auto financing are equivalent to true rates of about 13 percent on new cars, to 24 percent on older second-hand vehicles. These caps are a little higher than those set by some states that earlier established ceilings (as Pennsylvania, Michigan, California, Wisconsin, Utah, Nevada), but lower than the per annum equivalents of 17 to 28 percent permitted by the Maryland and Kentucky credit ceilings. Certainly the New York ceilings are a distinct improvement over the 40 percent equivalent per annum rate Dr. Campbell reports often was charged on older cars in that state.

The consumer counsel also has worked with the Health Department and the Agricultural Department to get legislation for uniform inspection of meat. She has helped secure consumer representation on agricultural marketing boards, and had a hand in other legislation as a cooperating agency.

The other major conferences arranged by the consumer counsel produced no actual legislation but had some usefulness in informing the public. One conference brought together representatives of trading-stamp companies, retailers who gave stamps, retailers who did not, and consumer organizations. Chief argument was between stamp givers and non-givers. Opinions of consumer spokesmen ranged from some criti-

cism of trading stamps as adding to distribution costs and lulling consumers into believing they were getting something for nothing, to neutralism based on the belief some form of price concession is better than none at all. Subsequently Dr. Campbell announced that no legislation would be sought.

Another investigation dealt with bait advertising — ostensibly low-priced offers designed to lure customers to costlier and often seriously over-priced goods. A bill to control bait advertising was introduced into the legislature but did not pass. But at this writing a Governor's conference on "phony bargains" had been arranged for October. It plans to study the whole problem of exaggerated list prices.

There was no legislative result from an investigation of misrepresentation in television and appliances repairs, chiefly because the trade, administrative and other interested parties failed to agree on the type and extent of control that was desirable.

The public-conference method used in New York to decide on and shape potential consumer legislation has proved to be a valuable device. It has helped publicize consumer gouges as well as secure legislation where none could be gotten before, as in the case of credit. A reporter who has attended several of the conferences comments that Dr. Campbell handles them with tact and skill. She gives all interests a chance to promote their views, but also holding the arguments to the line of fact and truth by dint of her own close knowledge of the consumer problems involved. For example, she has pointed out to conferees that if the public is paid interest on its savings on a true per annum basis, lenders ought to state loan rates that way instead of on the discount basis and other methods which make rates sound lower than they really are.

In assessing the program so far, Helen Hall, president of the National Association of Consumers and head-worker of New York's Henry Street Settlement, points out this is the first time consumer interests as such have been recognized in a state, and that the new credit legislation will lead to other protective measures. Miss Hall is convinced it's vital to have a sepa-



A series of conferences have taken up laws governing finance charges, the economic problems of the aged, television repair charges and trading stamps.

rate consumer department in state and Federal governments. Otherwise, in her experience, consumer interests are subservient to those of groups who do have direct representation, as commerce and agriculture. She tells how some years ago her request for a study of milk consumption in New York was turned down by the U.S. Agriculture Department simply because agricultural interests in New York had not asked for it.

Another experienced consumer spokesman in New York, Helen Harris, executive director of United Neighborhood Houses, considers that the program has made unusual progress in a short time. She points out that through persistence, first the auto legislation was secured, then the all-goods bill, and even though some compromise was made on the rate ceilings, the finance trade gave up more than the consumer counsel did. The trade itself had to be convinced it was best for them as well as consumers to have the legislation. "You don't get bipartisan support in the legislature if you have terrific opposition in the trade," she commented.

Sidney Stahl, Managing Director of the New York State Credit Union League, feels the credit legislation is worthwhile, but considers another part of the problem is adequate enforcement even of existing legislation. He says it's common knowledge that jewelry salesmen get signatures on wage assignments from some low-

income groups in New York without the awareness of the buyer. He is plumping for a law requiring sellers to notify the employer when a buyer signs a wage assignment.

Stahl also would like the state to establish counseling offices in the larger cities, to which people could turn for advice. A few years ago, the Municipal Credit Union and Welfare Department successfully cooperated in establishing such a service to help rehabilitate police and firemen in financial difficulties.

Prospects seem brighter for New York consumers and borrowers as the result of Harriman's innovation. The difference is noticeable even in other divisions of state and local government, as officials become more aware that consumers have a new voice in New York. For example, the recent report in the Credit Union Bridge on loan sharks in New York City, got immediate attention from law enforcement authorities.

This is not to say everything is hunky-dory. The Empire State is also a realm of high milk prices, big tags on apartments and houses, some of the steepest auto insurance rates in the country, a horde of canvassers from credit outfits, and a wily bunch of loan sharks and credit dealers.

Consumer protection in a state government depends on the attitude toward the public of the operating state departments, the Governor and perhaps most importantly the state legislature.

FARMERS ARE INDEPENDENT PEOPLE

**AND THEY NEED A CREDIT UNION TO HELP
THEM STAY INDEPENDENT, ACCORDING TO THE OFFICERS
OF THIS GROUP IN PORTLAND, NORTH DAKOTA**

FARMERS need credit unions," says Carl M. Aasen, president of Portland Credit Union, Portland, North Dakota, "urgently. Many are facing serious economic problems today. Some of these problems are national, others regional. All of them make it increasingly important that farmers make the best use of their financial resources. A well-run credit union can do a lot toward educating farmers in money management."

Aasen is an energetic retired farmer of sixty-five. Tall, genial and erect, he stands six feet in his stockings, weighs 181 pounds, and is prepared to talk about credit unions anywhere, any time, at any length. He has been president of Portland Credit Union since 1941, when he helped organize it. Humility, self-criticism, a strong desire to learn, and a burning interest in progress keep him constantly looking for new ways to modernize and improve membership services.

Here are some of the economic problems which confront the farmers in North Dakota's Red River Valley, where Portland Credit Union serves

its membership over an area of seven hundred and twenty square miles:

- **Price structure.** This is the principal economic problem in the Red River Valley, though farmers elsewhere are troubled by it too. "If farmers could be assured of parity prices for their product, then they could go ahead and plant the kind of crops which seem best for their land. They would be able to conduct their farming operations the best way they knew how, and all they would have to worry about would be drought, grasshoppers and hail," Aasen suggests.

- **Distribution.** This problem is both national and regional. In regard to the national aspect, Aasen has strong convictions. "We hear so much about overproduction and surpluses. If the hungry people of the world could be fed adequately, our surpluses would melt away overnight." The regional distribution problem strongly influences farming operations in North Dakota. This is due to the state's distance from the centers of population and consumption on both coasts.

- **Mechanization.** More and better

farm machinery frequently tempts farmers to invest in new equipment. Aasen points out the importance for farmers to be able to recognize when obsolescence of equipment impedes competitive growth and production, and to understand when the new machinery's improvement is so slight as to make replacement of last year's model impractical.

- **The Joneses.** City dwellers have no monopoly on getting into trouble while trying to keep up with the Joneses. Farmers, too, like to keep up with their neighbors. Some can afford it, but many can not. "We try to help those members who are inclined to overextend themselves. Of course the time to help them is before they obligate themselves for more than they can afford. Helping our membership to overcome this temptation is one of the many projects of our educational program," says Joseph Amb, Portland Credit Union's secretary-treasurer since 1941.

- **Farm organization.** "Another major problem is to get a strong farm organization, such as the Farmers



Union, which will represent the family type of farmer in Washington and elsewhere," Aasen believes. "Farmers are very independent people. They are justly proud of this. But because of their pride in being independent it is not too easy to organize them."

Portland Credit Union serves the patrons of the cooperatives in Portland. These are Farmers Union Oil Company, Farmers Union Elevator, and Farmers Union Creamery. Also included in the field of membership are the members' families and their organizations. On July 1, 1957, the credit union had 1,252 members, \$305,000 in shares and accumulated assets of \$321,000. Three hundred and eighteen members were enjoying the use of \$304,000 in loans.

Growth at Portland Credit Union has been steady. After the first five years of operation, its members had saved \$25,000 in shares. During the next five years the membership nearly doubled to 619, while shares multiplied more than five times to \$126,000. The third five-year period saw a doubling of members, shares, loans

and borrowers in the credit union.

Portland is a small farming community. At the 1950 census its population was 641. It is located some sixty miles northwest of Fargo. The distance to North Dakota's capital, Bismarck, is 204 miles. But the patrons of the Portland cooperatives live in an area approximately twenty-four miles to the east and west, and some thirty miles north and south of Portland. This means that Portland Credit Union's actual area of service is some 720 square miles. This area includes the towns of Portland, Mayville, Clifford, Gasesburg, Cummings and Hatton. A part of this area is located in Traill County. The rest is in Steele County. Total population of this area is over six thousand.

Member education is a continuous process at Portland Credit Union. Its aim is fivefold: (1) to create interest in the credit union; (2) to teach members to save systematically; (3) to train the members to use the credit union for all borrowing needs; (4) to emphasize the importance of using sound business methods; and (5) to help members to make the best use



The Portland Credit Union paid \$1,500 for its building. Member Gerald Kyllo, above, started farming in 1945 with a credit union loan. All his family are members.



Carl M. Aasen, president of Portland Credit Union since 1941, believes that farmers need credit unions urgently.



Treasurer Joseph Amb joined his fellow townsmen last summer in growing a full-length beard to celebrate Portland's diamond Jubilee.

of their financial resources.

How is this educational program put into action? Through advertising media, a bi-monthly newsletter, baby letters, constant personal contact by the board of directors and a thirteen-member education committee, and through a full-time credit union manager with special training and experience in credit problems.

The two principal advertising media are newspaper advertisements and a series of slides in a Mayville movie house. The cost of showing the advertising slides is \$1 per month. The bi-monthly newsletter is prepared by the credit union and mimeographed by the North Dakota Credit Union League in Jamestown.

A baby letter with a \$1 gift certificate goes to each newborn child as soon as the credit union's manager learns its name. The letter invites the baby to bring its parents to the credit union office to open a share account for the youngster, "to get you started on the right track, economically speaking." The letter stresses the importance of systematic saving and offers cancellation of the entrance fee as an additional inducement to visit the credit union "quite soon."

Until two years ago Portland Credit Union had neither a membership

committee nor an education committee. Now it has an education committee of thirteen members who have a standing invitation to attend all board meetings. The directors also encourage this committee to come to the annual League convention. The committee holds two official meetings annually. Its functions include "building individual dignity in members and to get others to realize that character is a valid basis for credit," according to one of the Portland officers. The education committee also serves as a membership committee and has been responsible for bringing in a substantial number of new members.

Developing Leaders

But the committee's most important purpose is to serve as a training school for new leaders. "Development of new leadership is a very real problem to us," reports President Aasen. "From the group now serving on our education committee, our directors hope to recruit the credit union's future leaders. Already the committee members have gained valuable experience."

Day-to-day contact with Portland's membership lies in the hands of Oliver Aune, the credit union's full-

time manager since 1952. Aune also holds the titles of assistant secretary and assistant treasurer. He is fifty-two years old, tall and slender. Extensive experience in two Minnesota and North Dakota banks, and an excellent memory for names and details, are invaluable assets to Aune in carrying out his managerial responsibilities as well as for his educational and public relations work. He is a model of efficiency, full of nervous energy and also provides notary public services for the membership. After office hours he assists members and townspersons with the preparation of their income tax reports. By charging for his services as a tax consultant, Aune is able to supplement his annual credit union salary of \$4,250.

Portland Credit Union takes pride in having its own office building. "Our office building means a lot to our membership," says treasurer Amb. "It's convenient and useful and it has helped our growth substantially. Another nice thing about it is its cost. All we paid for it was \$1,500." The one-story brick building was constructed in 1900 to serve a local bank. Later the town's two banks merged, and the former bank building served for several years as Portland's Post Office. In 1948 the Post Office vacated the building and



"I don't know what I would have done without the credit union," says Mrs. Agnes Breaten, a widow. "When my husband was disabled, the insurance cancelled our loan."



Wayne Grinde, a student at North Dakota Agricultural College, says Portland Credit Union taught him to recognize the importance of saving. Manager Oliver Aune takes Grinde's payment.

the credit union purchased it from the bank which had retained ownership.

Portland Credit Union now owns two wooden desks, a steel desk, an assortment of chairs, a typewriter, an adding machine and a two-drawer steel file. It also has the use of the built-in, bank-size vault, as well as a committee room. The vault is used as a storage space for the credit union's records. It also serves the membership as a safety deposit. The member buys an individual box for \$3.65. "We do not charge the members for storing their boxes in our vault," says manager Aune. "And we make it clear to them that we cannot assume liability in the event of loss."

Here are a few examples of emergencies and special opportunities during which Portland Credit Union was able to help its members with loan funds:

• **Hospital bill.** A member had taken his wife to the hospital. The couple's child was due within a few hours. But the hospital refused to admit the prospective mother. "We must have \$200 in advance," the husband was told. He rushed to the credit union. "We've made many emergency loans," recalls Joe Amb. "But I think this was one of our quickest."

• **Home for newlyweds.** During the 1940's the son of an old member applied for a \$1,000 loan to buy a trailer house. Says Joe Amb, "His girl refused to get married without a place of their own to live. We made the loan. The couple was happily married and repaid the loan promptly. This young man had nothing to offer as security except his character. It would have been impossible for him to get his loan elsewhere. We took a chattel lien on this second-hand trailer."

• **Teacher training.** "My wife needed two summer terms of further training to qualify for her lifetime teacher's certificate. She was able to go to Mayville State Teachers College, thanks to the loan from our credit union," reports one member.

• **Livestock.** Gerald Kyllo borrowed money from Portland Credit Union in 1945 to get started with farming. Today he operates a farm of 1,040 acres. Three hundred and twenty acres of this land belong to Kyllo's uncles. But the balance of 720 acres are his own.

Wayne Grinde, a student at North Dakota Agricultural College, represents the second generation of a three-generation 100 percent credit union family. Wayne's father was a charter member of Portland Credit Union.

Until his death in 1953 the elder Grinde served the credit union as chairman of its supervisory committee. Says Wayne Grinde: "Dad saw to it that I became a member in 1941, the year our credit union was started. My brother and two sisters are members, too. The credit union has helped me two or three times with loans for livestock and machinery. But primarily I use the credit union to save for future needs. My wife and child, too, are members. It's hard to say in a few words what the credit union means to me. But I know that I shall always be grateful to our credit union for helping me to recognize the importance of saving."

• **Starting a service station.** Two young men wanted to start a service station. The Portland board of directors had confidence in them. It approved a loan for \$1,800. And the two young men promptly proved that the board's faith in them was fully justified by repaying the entire loan within one year.

• **Starting a new cafe.** Several years ago the town of Portland was without a restaurant. Everyone agreed that the town urgently needed such an establishment, but the ordinary sources of funds for business loans were either unwilling or unable to supply the necessary capital. Then

the credit union was approached by a responsible member. He requested a \$10,000 loan to start a new cafe. The directors were glad to grant his request. They take pride in the benefits and convenience which the entire town derives from this credit union loan.

Credit committee meetings are every Wednesday. Approval of large loan requests may take as long as one week. But applications for smaller amounts are handled immediately by manager Aune. He reports his actions to the credit committee during its next meeting for formal approval. In emergencies the credit committee can act in thirty minutes or less. Last year the committee approved a total of 205 loans. A large percentage are single-payment notes. Portland's interest rate is 7 percent on loans for six months or longer, $\frac{3}{4}$ of 1 percent on monthly payment plans. Until 1955 Portland's dividend rate was 2 percent per annum; since 1956 it has been 3 percent. Members may own up to \$25,000 in shares.

Work closely with creamery

How do members save? Most of them bring their savings to the office. Occasionally some mail their share payments. Others save through cream check deductions. This is a special arrangement between the credit union and the Farmers Union Creamery. Each month the creamery transfers one-eighth of the member's creamery earnings directly into his credit union share account. Usually cream check deductions vary somewhere between \$10 and \$15. By letting these regular share payments accumulate, and supplementing them from time to time with additional funds, members are rapidly accumulating sizeable savings. "The creamery has taken a substantial interest in our credit union," comments president Aasen. "Several members have saved \$1,000 or more through cream check deductions."

The principal crop of the Red River Valley farmers is wheat. Barley, corn and flax run a close second. Soya beans and small quantities of sunflowers are next in importance. A substantial amount of sugar beets is raised by Portland members under contract with the American Sugar Refining Company, which has processing plants in Harwood, North

(Continued on page 28)

From the Managing Director



Where should we organize credit unions?

IS there any group needing credit unions to which the organized credit union movement should give special help?

The answer probably has to be "yes"!

Nearly all common-bond groups with enough people to make a successful credit union operation are good targets of organizational activity. There are still many thousands of employment groups without credit unions, some just aching for our help. Many lodges, clubs, labor unions, religious groups, cooperatives, communities and associations are ripe for credit union "know-how".

There are undoubtedly more prospects for credit union organization now than ever before! They are all about us. We need but take a look around for credit union possibilities to find them. Many a group has heard of credit unions and is anxious to know more about them—and to organize one for their own group's use.

Low-income groups need credit unions

But about the group that needs special help—I'm thinking of the people with low incomes. And there are lots of them—most of them have never heard of credit unions.

Who are they? The small farm operators. The operator of a little truck. The man or woman who runs a very small business and the employees of businesses too small to have their employees' credit union. They come from all races and nations. There are many of them and they are in every locality.

They form the group—actually many groups—that now most need

the credit union "do-it-yourself" technique in savings and loans. They are the largest group of people still paying back breaking interest, sometimes illegally high, and they are the people who though worthy and in need of credit often can't obtain credit at all!

And they are the people who need the training in thrift that credit union membership should give them.

Credit unions born in low-income groups

The credit union movement was born in and for groups like this—in Germany, in Canada, the United States and now around the world. The cooperative association organized for the purpose of promoting thrift among its members and creating a source of credit for provident or productive purposes that is the credit union, can serve its member-owners at any economic level; but it is needed most at the low economic levels!

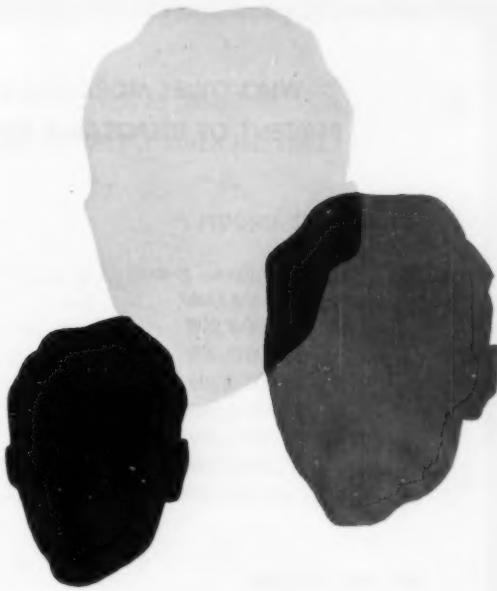
Getting the word to those who need it

We in the credit union movement are missionaries. We are ever looking for new fields needing the knowledge of this self-help idea. We can continue to assist those who are easiest to organize; they do need credit unions.

But we do need to give some special thought and planning to getting the credit union idea into the hands of those who most need it. Those who have the small incomes and the greatest need for thrift and for credit.

H. Vance Austin

**PEOPLE WHO OWE AS MUCH
AS 40 PERCENT OF THEIR INCOME
AREN'T NECESSARILY OVER-
EXTENDED, FEDERAL RESERVE
FIGURES SHOW.**



who are these people WHO OWE SO MUCH?

IN EVIDENT embarrassment, the youthful truck driver squirmed in his chair as he unfolded the sequence of events which had led to what seemed to be the brink of personal bankruptcy.

Although there were still six payments to go on the family car, three months ago he had succumbed to the prospect of "big discounts" and signed up for a TV console, "nothing down and 24 months to pay."

With 25 percent of his paycheck already "mortgaged" for installment payments, he was not prepared for the series of disasters that followed. His wife's sudden operation brought unexpected bills. During her recovery period, the grocery bills got out of hand. And now the washing machine had stopped; the repairman's verdict: "buy a new one."

What could be done for this man? Was his situation as bad—or as unusual—as it appeared to him?

While the young man was not aware of it, this "crisis" was a familiar story to his credit union treasurer. In a country where two out of three "spending units"—self supporting individuals and families—have some form of fixed debt, problems

like this are constantly cropping up. Appeals for help are particularly upsetting when they come from those who are obligated for an excessive percentage of disposable income, without reserve for unexpected emergencies. People who are deeply committed to debt payments are more numerous than our young truck driver might realize.

Half the spending units with fixed debt (mortgages, insurance, installment payments, etc.), already have commitments which exceed 20 percent of disposable income, says the Federal Reserve Board, and in one case out of seven, these obligations add up to more than 40 percent. From surveys published in recent years, it appears that about 5,000,000 "spending units" use 20 to 39 percent of their income for installment debt alone, and nearly a million more have installment obligations consuming 40 percent or more of budgetable funds.

On a purely statistical basis, most of the borrowers who are heavily committed—pledged for 20 percent or more of their disposable income—are like our truck driver. They are from skilled or unskilled occupation

groups. Generally they would be young married couples with small children and an income of \$3,000 to \$5,000 a year.

Obviously, many of these people are in "over their heads." Yet not all heavily committed borrowers represent "helpless" risks, for even among those with payments bordering on 40 percent of their income, an examination of each individual situation may establish many instances where circumstances and earnings potential are fully adequate to see them through the temporary crisis.

Debt has become one of the facts of life for most postwar American families. At least a third must meet regular mortgage payments (median payment is \$5,600), and two out of three have personal debt—installment debt plus charge accounts and single payment loans (median amount \$500).

Mortgage debt is relatively infrequent below the \$7,500 income level, but for spending units with incomes of \$7,500 to \$10,000, mortgages appear in three budgets out of five. On the other hand, personal debt ranges through all income levels in the \$3,000 to \$10,000 brackets. Nearly a

WHO OWES MORE THAN 40 PERCENT OF DISPOSABLE INCOME?

BY INCOME GROUP:

<i>All income groups</i>	6 percent
<i>Under \$1,000</i>	48 percent
\$1,000-1,999	15 percent
\$2,000-2,999	11 percent
\$3,000-3,999	3 percent
\$4,000-4,999	2 percent
\$5,000-7,499	1 percent
\$7,500-9,999	1 percent
<i>Over \$10,000</i>	2 percent

BY AGE GROUP:

<i>All age groups</i>	6 percent
<i>18-24</i>	12 percent
<i>25-34</i>	4 percent
<i>35-44</i>	5 percent
<i>45-54</i>	4 percent
<i>55-64</i>	8 percent
<i>65 and over</i>	17 percent

BY MARITAL STATUS:

<i>All groups</i>	6 percent
<i>Single under 45</i>	16 percent
<i>Single 45 and up</i>	12 percent
<i>Married (18-44)</i>	
<i>No child</i>	5 percent
<i>Child under 6</i>	3 percent
<i>Child 6-18</i>	2 percent
<i>Married (45 up)</i>	
<i>No child</i>	7 percent
<i>Child up to 18</i>	4 percent

BY OCCUPATION:

<i>All groups</i>	6 percent
<i>Professional</i>	4 percent
<i>Managerial</i>	3 percent
<i>Self-employed</i>	6 percent
<i>Clerical, sales</i>	3 percent
<i>Skilled, semi-skilled</i>	4 percent
<i>Unskilled, service</i>	8 percent
<i>Farm</i>	26 percent
<i>Retired</i>	16 percent

third of those with \$7,500 to \$10,000 incomes carry personal debt averaging more than \$1,000, and even at the \$3,000 to \$4,000 level, 14 percent have managed to become involved for \$1,000 or more.

Most of this personal debt results from liberal use of consumer credit at all income levels. Nearly half of all "spending units" have installment debt, with one out of eight paying off loans averaging more than \$1,000. The frequency of \$1,000-plus debt reaches one in four in the \$7,500-\$10,000 bracket, 19 percent of the \$5,000-\$7,500 group, 15 percent of the \$4,000-\$5,000 income classes, and even 13 percent of those with incomes over \$10,000 and 11 percent of those with only \$3,000-\$4,000.

Much of the growth of consumer debt is recent, reflecting new budget habits which Americans have adopted in order to acquire the things they think they want.

Five out of six in the 25-34 age group report they have used installment credit at one time or another, and surveys show most of these young people are never entirely clear of this kind of debt. Even among their elders, who are rooted in the period when debt was less respectable than it is today, a third of those "over 65" and a half of those "55-64" had some form of installment obligations for automobiles or household goods at the time of a recent survey by the Federal Reserve Board.

Because of our increased knowledge about the use of credit these statistics probably are not as startling as they might have been a few years ago. Credit managers had pointed out for many years that despite the sharp increase in the volume of debt, the rate of delinquencies has been extremely low. Now we have new statistical detail which shows why general totals have never been a reliable basis which can serve as the final word in judging credit potentials of a particular person.

Since one out of six already had installment debt exceeding 20 percent of income, it became evident several years ago that the rate of delinquencies couldn't remain as low as it is if these debts represented excessive responsibility for a large percentage of these borrowers.

Now there are statistics which show most installment borrowers, including a surprisingly large share of the ones

who are most heavily committed, are sufficiently well off to meet their obligations.

Needless to say, a good credit officer necessarily looks twice when he deals with a borrower who is already signed up for payments exceeding 20 percent of disposable income. Yet he also recognizes that ability to handle installment debt increases with income. And he is going to find that a remarkable percentage of the most active users of installment credit come from income and occupational groups whose budgets should ordinarily support the purchase of the kinds of things people buy on installment contracts.

Ability to carry debt increases as the family income rises above the subsistence level. For example, data collected by the Bureau of Labor Statistics shows that low income families—those with less than \$2,000—need four-fifths of their cash for bare necessities. At the \$2,000-\$3,000 level, three-fifths ordinarily covers urgent needs, while at \$10,000 and up, better than two-thirds of the family income may be available for items other than basic requirements.

Among those who are most heavily committed for installment payments, Federal Reserve surveys indicate at least 60 percent have incomes in excess of \$3,000. At least a fifth of those with commitments equal to 20-39 percent of their income are in the \$5,000-\$7,500 bracket, and another 21 percent have incomes of \$4,000-\$5,000.

There is widespread agreement now that the use of installment credit is an inevitable and essential characteristic of our times. Modern sales techniques have created intense desires for goods which were once considered luxuries. Just as they use mortgages to obtain homes, Americans find it convenient and practical to use credit to secure conveniences which have become necessities under our current standard of living.

Roughly two-thirds of our automobiles and better than half the furniture and household appliances are sold on credit. Nearly a fourth of all "spending units" say they owe installment debt on an automobile and an equal number report debt for household equipment. In most cases, these "units" have installment debt for more than one purpose.

Among those who use installment

WHO OWES 20-39 PERCENT OF DISPOSABLE INCOME?

BY INCOME:

<i>All income groups</i>	23 percent
<i>Under \$1,000</i>	24 percent
<i>\$1,000-1,999</i>	29 percent
<i>\$2,000-2,999</i>	31 percent
<i>\$3,000-3,999</i>	28 percent
<i>\$4,000-4,999</i>	28 percent
<i>\$5,000-7,499</i>	18 percent
<i>\$7,500-10,000</i>	1 percent
<i>Over \$10,000</i>	1 percent

BY AGE:

<i>All age groups</i>	23 percent
<i>18-24</i>	37 percent
<i>25-34</i>	26 percent
<i>35-44</i>	20 percent
<i>45-54</i>	20 percent
<i>55-64</i>	19 percent
<i>Over 65</i>	20 percent

BY MARITAL STATUS:

<i>All groups</i>	23 percent
<i>Single under 45</i>	40 percent
<i>Single 45 and up</i>	27 percent
<i>Married (18-44)</i>	
<i>No child</i>	24 percent
<i>Child under 6</i>	24 percent
<i>Child 6-18</i>	22 percent
<i>Married (45 up)</i>	
<i>No child</i>	22 percent
<i>Child up to 18</i>	15 percent

BY OCCUPATION:

<i>All groups</i>	23 percent
<i>Professional</i>	18 percent
<i>Managerial</i>	19 percent
<i>Self-employed</i>	25 percent
<i>Clerical, sales</i>	24 percent
<i>Skilled, semi-skilled</i>	23 percent
<i>Unskilled, service</i>	30 percent
<i>Farm</i>	17 percent
<i>Retired</i>	18 percent

debt, the degree of indebtedness varies widely. A little over a third are committed for less than 10 percent of disposable income, and a similar number has plunged for 10-19 percent. Most of the rest are clustered in the 20-39 percent range, but 6 percent of all installment debtors acknowledge their obligations involve payments requiring upwards of 40 percent of disposable income.

Naturally, young people are among the most active buyers, for the opportunity to buy now—pay later seems to be particularly attractive to young couples (18-44 years old) who are in the process of setting up housekeeping or rearing children.

In the face of their need to acquire worldly possessions, Federal Reserve studies show at least three out of five of these couples bought one or more household durables last year. Often the purchase ranged between \$200-\$500, and in half the cases it involved the use of credit. Where single people and older families used cash somewhat more frequently, these young married couples needed credit for 70 percent of their automobile purchases.

Young-married active

Two out of three of these young couples had active installment accounts. In at least a fourth of the cases, credit obligations as a result of these accounts exceeded 20 percent of disposable income. While they incurred 55 percent of all installment loans, and provided 55 percent of the instances where payments range from 20 to 39 percent of income, the young married represent only a third of those with top-heavy commitments—payments requiring upwards of 40 percent of income.

In addition to marital status, age is clearly an important factor in spotting the most active borrowers. In addition to the young married couples, the 18-44 age group includes many single persons, often with low "starting" incomes, and sporty ideas. For the 18-25 group as a whole (married and single) three out of five have installment debt. In half of these cases, payments exceed 20 percent of income, and in one case out of eight, payments top 40 percent. Even for the 35-44 age group, payments in a third of the instances exceed 20 percent of income, although only one in 25 at

this settled age has committed himself beyond 40 percent of disposable income. When charge accounts and single payment loans are added, three out of four in the 25-44 bracket had personal debt, and in a fourth of the cases, the debt added up to at least \$1,000.

Because of their special needs and desires, young single people and older couples each play a distinctive part in the installment credit situation. Largely because of their interest in automobiles, these single people—who are only 13 percent of the borrowers—represent 20 percent of those with commitments ranging from 20 to 39 percent of income, and a third of those with payments exceeding 40 percent of income. On the other hand older couples—a classification which includes many retired people—provide 23 percent of the cases where debt exceeds 40 percent of income.

Such factors as occupation, race and liquid asset holdings must not be overlooked in judging whether a particular loan applicant is "typical", or an exception calling for special investigation.

Willingness to rely on credit varies by occupation group from as few as 13 percent of retired people to three out of five skilled and semi-skilled workers. Less than one in four farmers use it, and only three in ten among the self-employed, but for managerial, professional, clerical and sales people the frequency rises to two in five, and for unskilled and service workers it reaches fully a half.

Skilled and semi-skilled workers do 40 percent of the installment buying. With median income for these occupations at \$4,650, and with one out of three enjoying more than one income, these groups shoulder half the contracts involving 20 to 39 percent of income. For the most part, however, the skilled and semi-skilled workers seem to know when to draw the line. For only 25 percent of the very heavy commitments—those in excess of 40 percent—would be found among these occupational groups.

On the other hand, unskilled and service workers, with median income of only \$2,500 and almost no reserves of liquid assets, make 13 percent of the installment purchases and represent 16 percent of the 20-39 percent payment group and 18 percent of the "over 40 percent". Farmers, with only 4 percent of the loans, are 16

percent of the instances where payments exceed 40 percent of income.

Some of the heaviest borrowing is by members of the most prosperous occupation groups. Fully 13 percent of those with commitments in excess of 40 percent of income and 16 percent of those with payments ranging from 20 to 39 percent are from professional, managerial or self-employed classifications—groups which enjoy a median income of \$6,250 to \$6,750 (with one-fourth of their members profiting from extra income earned by a working wife), but make 18 percent of the installment purchases.

Low earnings reduce debt

Needless to say credit problems of Negroes differ substantially from the experience for typical white borrowers. Almost three-fifths of Negroes have installment debt compared with only two-fifths of whites. But the credit situation of the Negro reflects his lower earnings and lack of liquid assets. Since two out of three Negroes earn less than \$3,000, compared with one out of three whites, and only one in four Negroes has liquid assets compared with three out of five whites, average installment debt for Negroes is less than \$200, which is less than the debt carried by two out of three whites. (Separate figures for Negroes of comparative income levels might show somewhat different experience.)

The percentage of Negroes who bought a car is substantially less than whites, but almost all Negroes bought on credit, compared with three out of five whites. Negroes bought household goods in roughly the same proportions as whites—40 percent—but nine out of 10 Negroes used credit, compared with only half of the whites.

Place of residence seems to make surprisingly little difference so far as debt distribution is concerned. About two out of five have debt for household appliances in most areas, although the percentage runs somewhat smaller in the big metropolitan cities with high concentrations of apartment houses. On the other hand, roughly a fourth report automobile debt, with the frequency in the big congested cities only fractionally below the suburban and rural areas.



LEAGUE MANAGING DIRECTORS CONFER

ON CUNA PROGRAM

FIFTY-four credit union leagues attended a special conference at Madison, Wisconsin, September 30 to October 2 to discuss the services of the Credit Union National Association. All but a half dozen were represented by their managing directors.

Among the subjects discussed were

- A technical publication for credit union officers.
- Regional credit union schools, correspondence course, university extension courses and evening classes.
- Standards for judging credit union operations.
- Expansion of community credit unions.
- A publication for credit union members.

No formal recommendations or findings were issued, but a condens-

sation of the discussions is being prepared.

The meeting was sponsored by the Credit Union National Association, in concert with its affiliates, CUNA Mutual and CUNA Supply. It was the first such conference staged by CUNA in its twenty-three years, and one of the largest meetings of league managing directors ever held. The National Association of Managing Directors took part in planning the meeting through a representative on the planning committee. Most leagues paid expenses, but the sponsors paid partial or total expenses for several of the smaller leagues.

Subject matter of the conference was laid out through pre-meeting questionnaires. Evaluation of the conference is being continued through mailings.

The two-and-a-half working days covered four main areas: building leadership, standards for measuring credit union service, expansion of the movement, communications within the movement. Each subject was handled in an open forum, with discussion panels made up of CUNA, affiliates and league staff members.

Further experimentation by CUNA was suggested in the field of schools and courses. Officer training was proposed on local, chapter and league levels with CUNA participation.

Standards for measuring credit union performance, the delegates agreed, can be scientific only within certain narrow areas. A basic question raised was whether one credit union can be judged against other credit unions or against a set of stand-

(Continued on page 30)

The Prime Minister of British Columbia compliments A. L. Nicholas on winning the title of Brother's Keeper of North America for credit union work.



Nicholas named *Brother's Keeper*

THE winner of the Brother's Keeper contest is A. L. Nicholas, veteran credit union leader of British Columbia.

Nicholas was selected from entries submitted by state and provincial credit union leagues of the United States and Canada as an outstanding example of service to his fellow men through credit union work.

He was chosen by a three-man panel composed of a prominent Protestant, Catholic and Jew—men active in the sponsorship of Brotherhood Week.

The Brother's Keeper contest was a new event this year, sponsored by the Credit Union National Association and its member leagues, in connection with Credit Union Day, which was observed October 17.

The accomplishments for which Nicholas was named "Brother's Keep-

er of North America" included eighteen years of volunteer credit union work.

In 1939, he helped organize the Vancouver Federal Employees' Credit Union, known at first as the Amalgamated Civil Servants of Canada Credit Union.

He was the first member of the national board of directors of the Credit Union National Association from British Columbia, serving from 1940 to 1943.

He was one of the founders of the British Columbia Credit Union League and served as its first president. This year he was named president emeritus of the British Columbia League.

He has helped organize about thirty credit unions; although he has taken credit for only one.

He was instrumental in starting a college scholarship program among

credit unions. His own credit union has granted three scholarships in three years, and the idea is spreading to other credit unions in the area.

He was the instigator of the International Credit Union Picnic, which now attracts 1,500 credit unionists from British Columbia and the United States. This idea, too, is spreading to other places along the Canadian-United States border.

He has been a strong supporter of a plan to establish school savings clubs as credit union service in British Columbia. Through his urging, fifty of these clubs have been formed and 10,000 children have saved over \$200,000 in them.

He drafted the first credit union law for the Yukon territory, and the first credit union in the Territory has now been chartered.

He was the first secretary of the

British Columbia Central Credit Union, served on its credit committee for three years, on its board of directors for six years, and as its vice president for one year.

He was president of his own credit union for two years and president of

West Indies coalition

(Continued from page 9)

lands, notably Port-of-Spain in Trinidad and Kingston in Jamaica, there has been considerable success in setting up occupational and industrial credit unions. But in the smaller islands, where the largest cities may be no more than 10,000 population and where a majority of the citizens live in scattered agricultural communities, the community type credit union has been favored.

In setting up the West Indian Confederation of Credit Unions, the leaders were careful to specify that only orthodox credit unions and credit union leagues were eligible for membership. This distinction was made to exclude the various thrift societies and savings clubs which have some credit union features but which do not adhere to exact credit union principles.

Travel and communications are two of the big problems confronting both the credit union confederation and the new West Indian nation. Airlines of several countries, including the United States and Canada, serve the islands, but flights are not daily in some islands and are not direct to some islands. Telegraph connections are good; telephone service can be slow. Though Bailey, the fieldman, will virtually be needed everywhere at once, the delegates at the September meeting agreed that his travel should be planned as precisely as possible to conserve funds and also give him time to do as thorough a job as possible in each island on one visit.

Some of Bailey's immediate work will be in developing credit union laws in islands where not even co-operative laws exist; then the emphasis will be on changing general cooperative law into specific credit union law. Under a government grant in 1955 Bailey studied cooperatives in the U. S., Canada and Cuba, so he is well grounded in cooperative law.

The confederation is not beholden

the Vancouver chapter for five years.

He has written prolifically about and for credit unions.

He met his wife, Margaret, at a credit union meeting, and she is treasurer-manager of the Nupro Credit Union in Vancouver.

to CUNA by any ties except those of mutual need. Though the CUNA executive committee voted a \$6,000 appropriation to the confederation for 1957-58, this will decrease by \$1,000 each year until the confederation is self-financing through dues and membership fees. The confederation itself will be neither a member nor an affiliate of CUNA, but it will encourage its member leagues—and individual credit unions where leagues don't exist—to belong to CUNA. In return, in addition to offering six years of financial support, the CUNA World Extension Department has proposed to bring a few West Indies credit union workers to the states to train for fulltime credit union work.

Rising dues schedule

To offset the decreasing CUNA financial support, the confederation set its dues at 12 cents per credit union member for the first two years and 15 cents for the third year. Expenses for 1957-58 were estimated at \$15,000, with CUNA providing \$6,000.

What effect the new West Indian nation will have on the island credit union movement is, of course, an unknown and unpredictable quantity. But even the conservative island credit unionists believe that once the nation becomes a reality and not just a dream, the credit union movement itself will have a new unity and singleness of effort.

A direct reference to the credit union confederation and the new nation was made by Olaf H. Spetland, CUNA World Extension Department director, in his opening remarks at the constitutional meeting in Trinidad. He said, "We live today in a world of disturbance and confusion—but also in a world of progress. More and more people are becoming free people, masters of their own destiny. But experience has shown the world that economic independence is as important as political independence. The credit union can contribute

greatly to this process of economic, and even political, independence. Through credit unions, people not only have an opportunity to save or borrow but an opportunity to participate in the running of a democratic organization."

For these people who have yet to know political freedom and to whom personal economic security is a freedom cherished even higher than political freedom, the credit union confederation holds hope—for education, for promotion of thrift, for opportunity to create a democratic financial body and to help themselves and their neighbors.

Chapter program clicks

(Continued from page 3)

losophy, law, theory and problems. To this end we would function as part of the state League and represent the League to all credit unions in our four-county area—Summit, Portage, Medina and part of Wayne.

"We agreed that to carry out these purposes we would maintain a close relationship with the League, plan serious programs for board and chapter meetings, and promote chapter prestige."

Board meetings are serious work sessions, starting at 7:30 p.m. and running three to three and a half hours. Each board member receives a written copy of the agenda of the day. Here are some of the items the board considers:

● **Program planning.** A considerable portion of the directors' time is spent on this. They are constantly in search of new ideas. Most of the new ideas come from these three sources: (1) Thorough discussion, in which all board members participate. (2) Program announcements of other chapters. (3) Eckard's reports of chapter and League activities. Says Eckard, "I give the board a detailed report on the actions of the chapter presidents, the League directors and Ohio Central Credit Union, when I return from these meetings. Our directors are interested in this, and they have a right to know what's going on."

Much of the chapter's current program planning is based upon the board's earlier analysis of the programs of the past four years. This study shows that: (1) Chapter meetings should be carefully planned and

thought through in detail. (2) They should have a definite theme. (3) The theme or topic of the month should be directly related to credit union operation, philosophy, law, theory or problems. "Credit union directors and committeemen have many other civic interests and responsibilities. They are glad to give an evening to the chapter, but only if they feel that the time spent will directly benefit their credit union," secretary Margaret Sullivan believes. (4) Experienced speakers are an excellent drawing card. Among the most effective are League officials, CUNA directors, prominent state officials, business executives and civic leaders. (5) Program topics and dates should be announced at least one month before the event. (6) Program announcements should give complete directions how to get to the meeting place. (7) Dinner meetings bring large crowds. Usually each credit union picks up the tab for its own officers and committeemen. "But we do not want to overdo this form of attraction," Eckard points out. "For this reason we prefer to reserve dinner meetings for very special occasions." (8) Picnics are rarely successful. The chapter is now giving serious consideration to the possibility of eliminating the July and August meetings from next year's program.

● *Selection of meeting topics.* The Summit County team plans its meeting topics ten months in advance. At that time it also completes meeting date selections, space reservations and menu specifications. For the fifteen-month period from May 1957 to July 1958, the chapter selected these topics: May—"The national picture," by CUNA national director; June—"President's night," by League executive secretary; July—"Problems at F.D.I.C.," by League director of public relations; August—Picnic; September—"Workshop—building better annual meetings"; October—"Management Night banquet"; speaker: prominent clergyman; toastmaster: League director of public relations; greetings League president; November—"An analysis of legal problems arising in credit union operations," by legal counsel of league; December—"Credit union pageant," written and performed by local credit union members; January

—"Directors determine the destiny of credit unions," by League director of education; February—dinner meeting, "Future of credit unions"; March—"Effective lending policies"; April—"Supervisory committee is your source of security"; May—"Effective promotion and publicity techniques"; June—dinner meeting "Recognition of credit union treasurers—record keeping"; July—"Collection procedures—control of delinquent accounts."

● *Promotion and publicity policy.* Early this year the chapter board adopted a definite policy for promotion and publicity. It consists of four parts: Monthly meeting announcements, reservation notices, personal contacts by board members before each chapter meeting, and rotational mailings by the chapter secretary to the directors and committeemen on the chapter's membership roster.

Most effective among these promotional devices are the chapter's reservation notices and the monthly telephone campaign. "Our reservation notices reach the credit union board members two weeks prior to the meeting," explains president Eckard. "They contain the name and address of our chapter secretary, as well as her day and evening telephone numbers. And the text merely states 'There will be . . . present at the November 21, 1957 meeting of the Chapter . . .' On the lower right hand side of this 8½" x 3¼" slip there is space for the name of the replying official and his credit union.

"We find that two weeks allows the board member ample time to contact his fellow directors and committeemen. And, of course, once this notice is returned to us, the guests who have said that they will attend feel a moral obligation to be present. The reservation blanks also help our host credit unions in planning for the final arrangements."

The board members' personal telephone contacts have brought excellent results. But the board's responsibility does not stop there. Each chapter director makes an effort to meet and greet those who are attending for the first time in response to his invitation.

Working with the Ohio Credit Union League, the Summit County Chapter gets many helpful services. Most of the chapter's dealings are

with the League's area field representative, Ned Gilbert, but there are also frequent contacts with the public relations director, Bill White, and the executive secretary (managing director), Bob Kloss. The chapter invites Gilbert to all board meetings, and when he has a problem in one of the credit unions of the chapter, he gets full cooperation from the chapter.

League services provided to chapters in Ohio include:

● *Providing official roster of officers, directors and committeemen.* At the beginning of the year the Ohio League asks each member credit union to fill out in duplicate an official roster and return both forms to the League. The originals are used for the League's files in Columbus. The duplicates go to the chapter secretaries.

The roster contains the following information: (1) name, address and telephone number of the credit union; (2) charter number and organization date; (3) name and home addresses of all officers, board members, credit committeemen, and supervisory committee members; (4) name and address of principal full-time employee (if any); (5) number of shareholders on December 31 of the previous year; (6) rate of dividend declared during January of the current year; and (7) total interest income from all sources as of the end of the previous calendar year.

"It is hard to estimate what a time-saver this roster is," comments chapter secretary Sullivan. "It is of course the basis of our mailing list. But we also use it for another purpose. That is the monthly telephone campaign of our chapter board. It's really a rather simple campaign. But it is very effective. And we have distributed the work so that it does not burden anyone. Here is how we do it: Each month every board member calls from one to five credit union officers, inviting them to attend the next chapter meeting. We have divided the roster of our sixty-five member credit unions among the seven directors of our chapter board. Once a prospective guest has been telephoned, the contacting board member makes a tiny checkmark on his list. Then this guest will not be called again until all other directors on the chapter board member's roster have an identical number of checkmarks. The credit union officers feel



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with this swift and thrifty Burroughs automatic accounting machine

*Automatic carriage-controlled operation
Fast front feed / Short-cut keyboard (with simultaneous depression of keys and motor bar) / Date-control lever.*

You, too, will be proud to point to these and other outstanding features in this compact accounting machine—the Burroughs Director. It's so low in price yet so high in value. Ideal for the small business or the large one with branch or special applications. Step up now to the Burroughs Director, certainly the swiftest, thriftiest solution of your bookkeeping problems, too. Why not call our nearest branch office for the full story—complete with details and a free demonstration! Burroughs Corporation, Detroit 32, Michigan.

"Burroughs"—Reg. TM.

BURROUGHS DIRECTOR Accounting Machine

flattered by these personal invitations, and respond very well."

● *Supplying material for chapter exhibits.* "The League has helped us to set up several fine exhibits," reports president Eckard. "One of these explained the services of League Litho, our League's printing service. It showed the various kinds and types of printed materials which League Litho has produced. This exhibit created a substantial amount of interest in promotional and educational techniques."

Answering National Tax Equality Association attacks was the subject of another Summit County Chapter exhibit. It showed the attacking literature distributed by the National Tax Equality Association. And it also featured the answers published in defense of the credit union movement.

● *Furnishing chapter revenue.* The only regular source of income of Summit County Chapter is an annual rebate furnished by the Ohio League from credit union membership dues. The League's current formula for chapter rebates is \$100 for the first thirty member credit unions, plus \$3 for each additional chapter member.

● *Printing at no cost to the chapters.* The League supplies chapters with two-color chapter meeting announcements. These announcements are prepared by the chapters and printed and mailed free of charge by the League to the president and treasurer of each of the chapter's sixty-five member credit unions. Together with these monthly announcements, the League mails reservation notices. They, too, are printed at League expense.

In addition to printing and mailing these individual monthly meeting announcements and reservation no-

tices, the League also furnishes five hundred copies in bulk directly to Margaret Sullivan, secretary-treasurer of Summit County Chapter since 1941. Using gummed address labels run off on a spirit duplicator, Miss Sullivan mails these five hundred announcements to credit union board and committee members who have a special interest in the topic or speaker of the month. The remaining copies she sends on a rotating basis to other directors and committeemen in the chapter's field of membership.

All Ohio chapter presidents receive directly from the League a copy of each program printed for any of the state's chapters. "This is a very inexpensive method of exchanging information between our chapters," says Eckard. "I usually pass the other chapters' notices on to our board members with markings and underlinings. They provide our directors with valuable ideas. And they help the chapter presidents to keep in touch with each other between meetings in Columbus."

Note pads and identification tags are among the other printed items furnished free to the chapter.

The Summit County Chapter uses its close relationship with the Ohio League to build chapter prestige. It mentions this affiliation in many connections, and uses the League seal on the chapter letterheads. The full name of the chapter, which is used in all communications and promotional material, is the Summit County Chapter of the Ohio Credit Union League. Scratch pads imprinted with the chapter name and League seal are distributed at meetings, as are identification badges. These also carry the chapter slogan—"Informed leadership is the key to sound credit operations."

The chapter's motto for 1957 is, "Onward—we can't stand still."

Farmers are independent

(Continued from page 18)

Dakota; Crookston, Minnesota; and Grand Forks, North Dakota. Secondary crops in the Portland area are oats and corn.

Farmers make up about 80 percent of the membership of Portland Credit Union. Farm sizes vary. The largest farm in the membership extends over 1,920 acres; the smallest is a 22-acre tract. The average size farm in Traill

county, according to the latest census, is in the neighborhood of 640 acres. Statistics show that farm sizes have been increasing steadily for many years. "However, the census averages do not mean too much," Aasen points out. "If we leave out 15 percent of the largest farms, we find that the average drops down to possibly 480 acres. This figure would be near the average within our group."

Loan delinquency is not a serious

problem for the Portland Credit Union. On July 1, 1957, thirty-day delinquencies amounted to \$216.30. Loan payments overdue for sixty days or longer were \$3,722.48. Total write-off since organization amounts to \$8,166.08. But Portland continues to carry loan protection insurance on all uncollected loans.

Does the absence of a delinquency problem at Portland mean that this farm group is prosperous today? Compared to his standard of living of thirty years ago, the farmer is prosperous, but compared to his income of four years ago, his present position appears in much less favorable light. Many top-notch farmers in the 720 square mile area served by Portland Credit Union are constantly in debt. Not because they buy too much, but because the rising prices of what they buy and the falling prices of what they sell make it increasingly difficult for them to keep up with their payments.

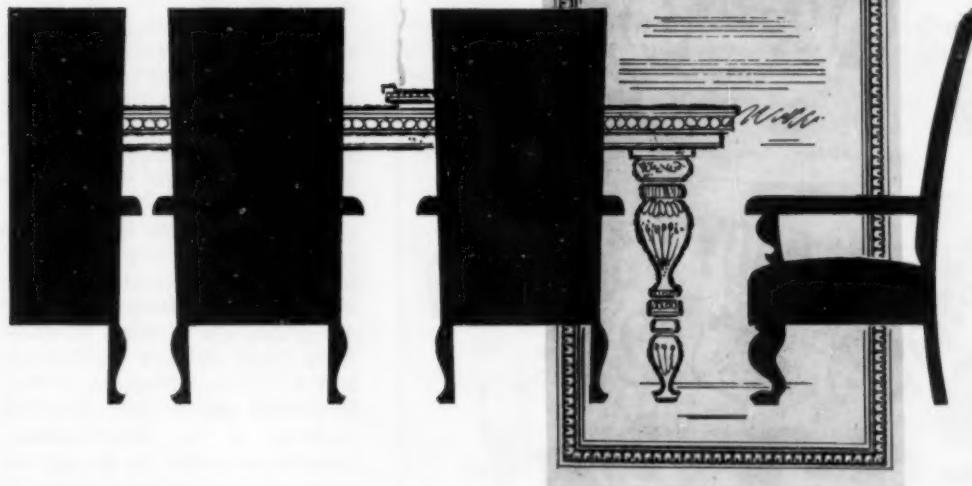
Ten years of progress

Aasen says, "Farmers in the Red River Valley have prospered in recent years. Ten years ago, less than 5 percent of the farmers had electricity on their farms. Now over 95 percent of the farms are electrified. Ten years ago, 50 percent or less of the farms had telephones, and those they had were the 'crank and holler' type on a party line. Now dial telephones are being installed quite rapidly. Ten years ago, very few farms had indoor toilets and bathrooms. Now the familiar outhouse is rapidly disappearing. I do not think that getting these conveniences is an indication of prosperity. Rather, it seems to me, that farmers have caught up to the extent that they now enjoy some of the blessings which city people have taken for granted and which the farmers should have had years ago."

What accounts for Portland's low delinquency rate? The principal reason is the credit union's program of loan supervision. This method is an adaptation of Farmers Home Administration practices. Manager Aune visits all borrowing members, makes a complete itemized record of assets, lists all anticipated income month by month, and checks mortgaged property. Farmers do not object to this procedure. They are accustomed to it because it is similar to the practices of federal agencies such as Farmers

**your officers serve
you without pay...**

PROTECT THEM AGAINST ACCIDENTS



If an officer or committee member of your credit union should be killed or injured while on credit union business, what would you do?

You would feel deeply obligated. You would want to make him or his family some sort of repayment.

Now you can protect your volunteer officers and committeemen with a group accident policy. Paying death and major disability benefits of \$7,000, this contract is available to credit unions at a price of \$7.50 a year for each individual covered. (Note: this insurance is not available for the protection of employees covered by workmen's compensation.)

Use the coupon for information and a copy of the contract.

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Send me more information on group accident
insurance and a copy of the contract.

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CREDIT UNION _____

ADDRESS _____

Home Administration. Says Carl Aasen, "With the help of the North Dakota Credit Union League we have prepared three special forms, designed for taking farm inventories. We believe that this detailed inventory method helps substantially in reducing collection difficulties."

Since its beginning Portland Credit

Union has taken an active part in League and national credit union affairs. Aasen has served on the board of directors of the North Dakota Credit Union League continuously since 1942, and as League president from 1944 to 1949. He has also been a national director of the Credit Union National Association

from 1947 to 1951, and from 1953 to the present.

Aasen is also a member of North Dakota's State Credit Union Board. This board consists of three members, with the state banking examiner as chairman. The other two members are appointed by the governor of North Dakota from a list submitted by the League's board of directors. The State Credit Union Board meets twice each year to pass on applications for charters, dissolutions and by-law changes. It also has the responsibility of considering and acting upon the annual credit union examinations conducted under state law by the state's deputy examiners.

Treasurer Amb was for seven years a member of the supervisory committee of the North Dakota State Central Credit Union. Aasen has been on the board of the state's central credit union since it was organized in 1942, and has served as its president since 1944. During 1956-1957 Aasen also was president of Goose River Credit Union, a position now held by Gerhard Ringsrud, a Portland board member since 1955 and chairman of the thirteen-member education committee for the past two years.



Your members will use the credit union better . . .

if you give each of them a copy of the January issue of The Credit Union Bridge.

This issue, especially written for members, will contain articles on the cost of credit, the cost of housing, the cost of transportation, that will help them use credit union service wisely.

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CUNA-League Meet (Continued from page 23)

ards. The committee that led the discussion of this topic is now preparing a questionnaire designed to develop standards for evaluating credit union performance.

Expansion of the credit union movement was discussed at length. Special interest in community charters was indicated. CUNA was asked to supply special organizational materials for working with church groups and labor unions, and to step up its contacts with national organizations in the fields of labor and religion.

Some interest was expressed in a small four-page publication for credit union members, but it was felt that circumstances do not favor such a project at present. The new CUNA Supply pricing policy was discussed, and there was wide interest in the possibility of a conference in the near future on supply departments and problems.

Suggestions on using Operation Impact were included in the conference.

West Indies gets new field man

A. A. Bailey has been appointed field representative for the CUNA World Extension Department. He will serve the newly established British West Indian Confederation of Credit Unions.



Bailey has been active in the cooperative movement in Jamaica since 1939. He is a leading organizer of credit unions in the island and was active in the formation and early development of the Jamaica Credit Union League. At the time of his appointment to his present position, Bailey was assistant registrar of cooperatives for the Government of Jamaica.

The occupational experiences of the new representative of the World Extension Department include employment on the staff of the Daily Gleaner, Jamaica's only morning paper. In 1942 Bailey entered the

government service for the Jamaica Government Railway. After seven years of service, Bailey was transferred to the administrator general's department. There he remained until 1950, when he was appointed a field inspector in the newly formed cooperative department. Three years later Bailey was appointed to the position of senior inspector.

Missouri League Appoints

The Missouri Credit Union League recently acquired the services of Mr. Arthur H. Volkening as field representative in the outstate chapters: Northeast, Central, West Central, Springfield and Southwest.

Volkening comes to the League

after serving three years as chairman of the supervisory committee of Save & Serve Credit Union at Standard Oil, St. Louis. In addition to his credit union experience, he brings with him a background of experience in accounting, since he was employed in the accounting department of the Standard Oil Company for the past five years.

He attended St. Louis University, and after returning from the South Pacific with the Marine Corps, he was entered into the V-12 Program and



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attended Arkansas A & M and Colorado College.

Volkening resides in Jefferson City, Missouri. His family includes his wife Ruth, a son aged seven, and a daughter aged six. Since Jefferson City is the state capital, he will also serve the League in a liaison capacity.

Corrections

Setting the record straight on several editorial errors made in recent issues of *The Bridge*:

Harold Moses, president of CUNA Mutual Insurance Society, has no middle initial.

A. W. Dunkin, director of CUNA Mutual Insurance Society, lives in St. Louis.

Arthur R. Parsons, member of the CUNA executive committee, lives in Tucson, Arizona.

H. E. McArthur, member of the CUNA executive committee, is not named Harry.

Subscribe to *The Bridge* for all your officers and committeemen!

Coming Events

November 3-9—CUNA and affiliates' quarterly meetings, Fort Shelby Hotel, Detroit, Michigan. November 7, 10 a.m., joint meeting. November 8, 10 a.m., CUNA Mutual Board; 2 p.m., CUNA Supply Board. November 9, 9 a.m., CUNA Executive Committee.

November 21-24—Missouri Credit Union League annual meeting, Hotel President, Kansas City.

January 26—Utah State Credit Union League annual meeting, Hotel Utah, Salt Lake City.

March 1—Maryland Credit Union League annual meeting, Lord Baltimore Hotel, Baltimore.

March 6-8—North Dakota Credit Union League annual meeting, Memorial Building, Jamestown.

March 6-8—Ontario Credit Union League annual meeting, Royal York Hotel, Toronto.

March 15—Connecticut Credit Union League annual convention, Hotel Statler, Hartford.

March 21-22—Rhode Island Credit Union League annual meeting, Sheraton-Biltmore Hotel, Providence.

March 27-29—Texas Credit Union League annual meeting, Galvez Hotel, Galveston.

April 10-12—Oklahoma Credit Union League annual meeting, Tulsa Hotel, Tulsa.

April 11-12—District of Columbia Credit Union League annual meeting, Hotel Statler, Washington.

April 11-12—Illinois Credit Union League annual meeting, Sherman Hotel, Chicago.

April 11-12—Iowa Credit Union League annual meeting, Savery Hotel, Des Moines.

April 11-12—Oregon Credit Union League annual meeting, Multnomah Hotel, Portland.

April 11-12—Virginia Credit Union League annual meeting, Hotel John Marshall, Richmond.

April 12—New Hampshire Credit Union League annual meeting, Angelo's Restaurant, Concord.

April 18-19—Colorado Credit Union League annual meeting, Shirley-Savoy Hotel, Denver.

April 18-19—Massachusetts CUNA Association annual meeting, Hotel Somerset, Boston.

April 18-20—New Jersey Credit Union League annual convention.

April 24-27—Ohio Credit Union League annual meeting, Deshler Hilton, Neil House and Columbus Memorial Hall, Columbus.

April 25-26—Alabama Credit Union League annual meeting, Mobile, Alabama.

April 25-26—Michigan Credit Union League annual meeting, Civic Auditorium, Grand Rapids.

April 25-26—Minnesota League of Credit Unions annual meeting, Duluth Hotel, Duluth.

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PROTECTION POINTERS

4

facts you should know about "dishonesty" losses

1. "Dishonesty" losses create bad publicity for the credit union concerned, as well as for the entire movement. Your credit union should use the best possible system of internal audits and controls. (*If in doubt, consult with your Credit Union League.*)
2. Many defalcations are difficult to uncover. Rigid controls and regular internal audits will not only help to uncover them sooner and materially reduce losses, but will also be a deterring factor.
3. Cash on hand is but one of many guides determining the coverage needed. It is necessary to consider the cumulative effects of dishonest actions. A daily cash fund of only \$300, for example, has been manipulated into a loss of several thousand dollars over a period of years.
4. It's no reflection upon the character of any individual to carry adequate "dishonesty" coverage—it's just good business practice.

Your credit union can be protected for 100 percent of its assets up to one million dollars *against losses occurring after it's covered by the 100% (\$1,000,000 maximum coverage) Form No. 576 Blanket Bond.* In addition to protecting against the dishonest acts of officers and employees as defined, this bond provides coverage against burglary and theft • forgery and alteration • misplacement and mysterious disappearance • fire damage to money and securities only • vandalism and malicious mischief. It may also provide faithful performance of duty coverage (required in Federal credit unions).

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